



Waitakere City Council
Te Taiao o Waitakere

NOTICE OF MEETING

TENDERS SUBCOMMITTEE

I hereby give notice that a Meeting of the Tenders Subcommittee will be held on:-

DATE: **Friday** **18 March 2005** **TIME:** **9.00 am**

VENUE: **Civic Centre, 6 Waipareira Avenue, Lincoln, Waitakere City**

to consider the business as set out herein and to take any necessary action connected therewith.

PP. *Sharan Simiona* .

14 March 2005

Ngareta Delamere
COMMITTEE SECRETARY

Telephone (09) 836 8000 extn 8552

MEMBERSHIP:

Councillors JM Clews, QSO, JP (Chairperson)
 RI Clow (Deputy Chairperson)

Chief Executive Officer

Director: City Services

Director: Corporate & Civic Services

Director: Strategy & Development

Director: Quality Assurance

Director: Finance

Maori Issues Manager

Mayor RA Harvey, QSO, JP (ex officio)

Deputy Mayor CA Stone (ex officio)

(Quorum 4 members)

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(The reports and recommendations contained in all agendas are reports and recommendations only and are not to be construed, in any way, as Council policy until adopted.)

**AGENDA FOR A MEETING OF THE TENDERS SUBCOMMITTEE TO BE HELD
IN THE CIVIC CENTRE, 6 WAIPAREIRA AVENUE, LINCOLN,
WAITAKERE CITY, ON FRIDAY, 18 MARCH 2005,
COMMENCING AT 9.00 AM**

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**AGENDA FOR A MEETING OF THE TENDERS SUBCOMMITTEE TO BE HELD
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1 APOLOGIES



2 URGENT BUSINESS

Section 46A(7) of the Local Government Official Information and Meetings Act 1987 provides that where an item of business is not on the agenda, it may only be dealt with at the meeting if:

- (i) the Committee by resolution so decides; and
- (ii) the Chairperson has explained at the beginning of the meeting (when open to the public) that the item will be raised for discussion and decision, why the item is not on the agenda, and why it cannot be delayed until a subsequent meeting.

The Committee may make a decision on a matter determined to be urgent.

NOTE: Urgent Business need not be dealt with now and may be delayed until later in the meeting.



3 CONFIRMATION OF MINUTES

Meeting Minutes - 4 March 2005

RECOMMENDATION

That the minutes of the Meeting of the Tenders Subcommittee held on Friday, 4 March 2005, as circulated, be taken as read and now be confirmed.



4 **EXTENSION OF CONTRACT EW02 600C: WATER SUPPLY, WASTEWATER AND STORMWATER DRAINAGE FACILITIES TERM MAINTENANCE CONTRACT**

PURPOSE OF THE REPORT

The purpose of this report is to obtain the approval of the Tenders Subcommittee to negotiate an extension of the existing contract with Techscape Limited for the maintenance of the Council's water supply, wastewater and stormwater drainage network and facilities.

Because it is proposed to not tender the maintenance work, this report is also for the purpose of satisfying the requirements of section 247E of the Local Government Act 1974, as read with Section 309 of the Local Government Act 2002.

BACKGROUND

Council's powers in relation to the awarding of contracts are conferred under Part XVIA of the Local Government Act 1974 (Works and Contracts), Section 247E provides as follows:

"(2) Where any local authority decides not to put out to tender a contract to which subsection (1) of this section applies, the local authority shall ensure that the reasons for the decision are recorded in writing."

Techscape Limited (Techscape), and previously as Eco Works Limited, has carried out the maintenance of the Council's water supply, wastewater and stormwater drainage facilities for a number of years. The current three year contract for this work ends on 30 June 2005. As this contract commenced under the provisions of the Local Government Act 1974, in terms of Section 309 of the Local Government Act 2002 the relevant provisions of the Local Government Act 1974 Act continue to apply.

The value of this contract is \$4,300,000 per annum.

PROPOSED SCOPE OF WORK

The present contract contains performance and incentive based elements to encourage Council and Techscape Limited to work together to seek more effective and efficient ways of carrying out the work.

An extension of the existing contract with Techscape is preferred, as it would have the following advantages:

- **Cost Certainty** - An extension of the existing contract will be based on current costs, plus an allowance for inflation. This will provide Council with certainty for the 2005/2006 and 2006/2007 Annual Plan;
- **Known Performance in Service Delivery** - Techscape's service delivery performance has been satisfactory. Techscape has advised that it is committed to further improving its performance and efficiency in the next contract period, and has already implemented efficiency innovations that will result in cost savings that can be passed on to Council;
- **Known Quality of Work** - The quality of Techscape's work is generally high, and Techscape has committed to maintaining a high standard of health and safety in the workplace;
- **Familiarity with the Waitakere City Network** - Techscape has detailed knowledge of the Waitakere City utility networks. This is knowledge that no other contractor possesses;

- **Close Working Relationship** - The Partnering Agreement has facilitated the development of a close and beneficial relationship between both parties; and
- **Shared Technology Platforms** - Council and Techscape have made significant investments in developing shared information technology platforms. This investment has been used for daily efficient service delivery, and to achieve on-going contract cost reductions.

A disadvantage of not tendering the contract is that the market will not be tested to establish if a more optimum contract could be viable in terms of cost efficiencies and quality of service, although process improvements over the past few years have demonstrated a reduction of maintenance costs to the City and a reasonable level of confidence in the robustness of costs associated with the contract.

The proposed scope of work covers the areas of water supply, wastewater and stormwater drainage. The contract requires Techscape to:

- Carry out maintenance and repair of the pipe networks in response to customer enquiries and requests from Customer Field Specialists;
- Carry out a programme of routine maintenance and asset inspection;
- Complete other activities related to maintenance as requested;
- Undertake the operation of the network on a day-to-day basis.

SUMMARY OF THE PROPOSED CONTRACT EXTENSION

Term of the Contract

The contract is proposed to run for a period of two years from 1 July 2005 to 30 June 2007.

Performance

The proposed contract will include performance measurement through a variety of key performance indicators (KPIs) that are to be measured under the contract. The accurate measurement of KPIs is completed using the data supplied from the Hansen asset management system. The KPIs will relate to the following performance areas and have been incorporated into the contract.

The Key Performance Indicators include the following:

- Response times to attend;
- Completion of programmed maintenance;
- Reinstatement of work;
- Customer Service Complaints;
- Accurate reporting of required data;
- Input of required data to Hansen;
- Environmental compliance;
- Service Restoration and Completion times;
- Health and Safety;
- Network reliability achieved;
- Customer Service Notifications;
- Quality Control; and
- Productivity and Effectiveness.

Council Standards

The contract is based on the existing Council standards which in turn are based on the NZS 3910:1998 General Conditions of Contract. The standard Council Specifications for Water Supply, Wastewater and Stormwater Drainage form the basis of the performance standards to which work must be completed. These are supplemented by the Code of Practice for City Infrastructure and Land Development.

Contract provisions encourage continued improvement in performance and discourage poor performance. Measurement of performance is achieved through the KPIs.

Target Costs

The contract sum will be negotiated with Techscape, with the objective of optimising maintenance costs.

Technology

On-going investments in technology by both parties will assist in achieving efficiencies and in raising the quality of data, reporting and performance measurement.

Council has implemented the Hansen Asset Management system, which handles all data relating to the assets and work done to them. Techscape also inputs directly into this system. Techscape has implemented Mosaic, a management system to run its work tracking and costing. In addition, Techscape has been provided with access to the GIS system.

It is also proposed to implement electronic dispatching of service requests to work crews during the term of this contract. Improvements to existing systems will be required to provide the additional efficiency gains contemplated.

CONCLUSION

Negotiating a contract extension with Techscape Limited is seen as the best means of obtaining a new contract for the maintenance work. This contract will continue to deliver the current high service levels and protect Council's investments in underground assets through jointly developed processes and technologies, and provide measurable performance at similar cost as at present.

RECOMMENDATIONS

1. That the Extension of Contract EW02 600C: Water Supply, Wastewater and Stormwater Drainage Facilities Term Maintenance Contract report be received.
2. That based on the reasons recorded in the agenda report approval be given to negotiate an extension of contract with Techscape Limited for the maintenance of the City's water supply, wastewater and stormwater drainage network and facilities for a term of two (2) years commencing on 1 July 2005, and the outcome of negotiations be reported back to the Tenders Subcommittee for approval.

Report prepared by: Tony Miguel, Group Manager: Asset Management.



5 CONTRACT NO. TA04537B - FOOTPATHS GENERAL 2004

PURPOSE OF THE REPORT

The purpose of this report is to seek approval to award Contract No. TA04537B - Footpaths General 2004.

BACKGROUND

The Council has an ongoing programme of new footpath construction and this contract is to construct three footpaths. They are at Huia Road, Triangle Road and West Coast Road. The work is part of the 2004/2005 Annual Plan and has been selected by the Community Boards.

SCOPE OF WORK

This contract is for the construction of new footpaths at Huia Road (325 metres plus a wooden foot bridge), Triangle Road (240 metres) and West Coast Road (150 metres) in conjunction with some drainage construction. The works include the following:

- Site clearance;
- Earthworks;
- Construction of new concrete footpath;
- New drainage construction;
- Topsoil and grassing.

TENDERS RECEIVED

Tenders were publicly advertised with two sets of documents being uplifted. One tender was received by the closing date of 8 February 2005. This is summarised in Table 1 below:

TENDERER	REG OFFICE	TENDER PRICE (EXCL. GST)
Fulton Hogan Limited	North Harbour	\$291,268.41
Pre-tender contract estimate		\$226,325.00

Table 1 - Summary of Tender Prices

TENDER EVALUATION

In accordance with the conditions of tendering, tenders were evaluated in line with the Weighted Attribute Method contained in Transfund New Zealand's "Competitive Pricing Procedures Manual".

The "Two envelope process" as described in Section 2.7 of the above manual was followed. Under this method, only the first tender envelope is opened and the non-price attributes evaluated for all tenders before the second envelope containing the tender price is opened, and the tender prices duly included in the evaluation.

A summary of the evaluation results is shown in Table 2:

Tender Evaluation	Attributes	Exper.	Track Record	Tech Skills	Re-source	Man-agement	Method	Price	Total Weight
Tenderer	Weight	4	6	4	4	5	7	70	100
	Tender Sum	Grades							Index
Fulton Hogan Ltd	\$231,463.76	83	77	75	79	78	83	50	59
Median Tender Price	\$231,463.76								

Table 2 - Summary of Tender Evaluation

As Fulton Hogan Limited was the only tenderer Council staff negotiated with them over the contract price. It was decided to remove Township Road footpath from the schedule work at a tendered price of \$54,192.45. Fulton Hogan Limited also agreed to reduce the cost of the other sites by a total of \$5,612.20. The price agreed with Fulton Hogan Limited is acceptably close to the Engineer's Estimate. All the scores awarded to the attributed are acceptable.

TAGS, ERRORS OR OMISSIONS

No tags present.

CREDIT CHECK

A credit check on Fulton Hogan Limited dated 1 March 2005, revealed a "high" risk of paying in a delinquent manner. Fulton Hogan Limited have been requested to comment on the report and provide a statement clarifying the company's financial viability relevant to completing the terms and conditions of this contract.

Correspondence with the Administration Manager, Fulton Hogan Limited explained that the company do not see any problems executing this contract.

Fulton Hogan Limited has recently completed a number of contracts with Council and a number are ongoing. There have been no issues regarding their performance or financial ability to carry out these contracts.

SUMMARY

The results of the tender evaluation as summarised in Table 2 shows that the tender submitted by Fulton Hogan Limited achieved the index of 59. This tender is also the only tender and thus the lowest priced tender.

The tender price is acceptable and it is recommended that it be awarded.

As part of Council's contracting process "Quality and Health and Safety is not negotiable" - all contractors have had this focus clearly reinforced through the contract documents and this will be strongly reiterated at the subsequent pre-start meeting and imposed during the contract period.

JOB COSTS

	EXCL. GST
Tender sum - (Fulton Hogan Ltd)	\$231,463.76
Contingency	\$ 22,500.00
Engineering & Supervision	\$ 39,900.00

Total Job Cost	\$293,863.76

SOURCE OF FUNDING

Budget Description (from Annual Budget line item)	Codes	Budget	Committed to Other Projects	Allocation to This Project	Unallocated Balance
Footpath Construction	75-9888-30530	\$1,080,000	\$869,130.24	\$210,863.76	\$0.00
Road Drainage	75-9888-39270	\$250,000	\$167,000.00	\$83,000.00	\$0.00

RECOMMENDATIONS

1. That the Contract No. TA04537B - Footpaths General 2004 report be received.
2. That the tender from Fulton Hogan Limited for Contract No. TA04537B - Footpaths General 2004 in the sum of \$231,463.76 plus \$28,932.97 GST, totalling \$260,396.73 be accepted.
3. That authority to enter into Contract No. TA04537B - Footpaths General 2004 on behalf of Council be delegated to the Group Manager: Asset Management.

Report prepared by: Edwin Dearham, Principal Transport Engineer Construction.



6 CONTRACT NO. TA04535B - WAIPAREIRA WOODFORD ROAD LINK

PURPOSE OF THE REPORT

The purpose of this report is to seek approval to award Contract No. TA04535B - Waipareira Woodford Road Link.

BACKGROUND

The new road link between Woodford Road and Waipareira Avenue is to be built to provide continuity in the roading network. It will provide a road link to the east for the Woodford Road, Epping Road, Buscomb Road and the surrounding area including the Waitakere Hospital. It will reduce reliance on Lincoln Road to provide a route to the east. The Waipareira Road link is part of the 2004/2005 Annual Plan.

SCOPE OF WORK

This contract is for the construction of the new road link between Waipareira Avenue and Woodford Avenue (180 metres). The works include the following:

- Site clearance;
- Earthworks;
- Construction of new road and footpath;
- New drainage construction;
- Topsoil and grassing.

TENDERS RECEIVED

Tenders were publicly advertised with two sets of documents being uplifted. Two tenders were received by the closing date of 8 February 2005. These are summarised in Table 1 below:

TENDERER	REG OFFICE	TENDER PRICE (EXCL. GST)
HEB Contractors Limited	Auckland	\$311,494.80
Fulton Hogan Limited	Auckland	\$338,089.10
Pre-tender contract estimate		\$301,105.00

Table 1 - Summary of Tender Prices

TENDER EVALUATION

In accordance with the conditions of tendering, tenders were evaluated in line with the Weighted Attribute Method contained in Transfund New Zealand's "Competitive Pricing Procedures Manual".

These procedures require that where the tender includes Provisional Sums (work valued by the Principal and placed within the Schedule of Prices) they are deducted from the Tender Sum prior to evaluating each tender.

In this contract the value of Provisional Sums is \$22,000.

The "Two envelope process" as described in Section 2.7 of the above manual was followed. Under this method, only the first tender envelope is opened and the non-price attributes evaluated for all tenders before the second envelope containing the tender price is opened, and the tender prices duly included in the evaluation.

A summary of the evaluation results is shown in Table 2:

Tender Evaluation	Attributes	Exper.	Track Record	Tech Skills	Resource	Management	Method	Price	Total Weight
Tenderer	Weight	4	6	4	4	5	7	70	100
	Tender Sum	Grades							Index
HEB Contractors Ltd	\$289,494.80	81	78	73	75	75	83	54	61
Fulton Hogan Ltd	\$316,089.10	83	77	75	79	78	85	46	56
Median Tender Price	\$302,791.95								

Table 2 - Summary of Tender Evaluation

Both contractors were given similar scores throughout. Both are acceptable and considered capable with neither standing out above the other. The estimated price is close to the lowest tender price received.

TAGS, ERRORS OR OMISSIONS

HEB Contractors Limited identified two tags:

- Schedule Item 12.1** - Trees, shrubs and grassing. The consent has not been obtained to identify the exact requirements for this item. The value of this item is \$1,500.
- Schedule Item 13** - Site Rehabilitation. The extent of rehabilitation is not clear. The value of this item is \$1,500.

The above two tags are acceptable as the contractor has put them as Provisional Sums since the scope of work related to these two items can not be quantified at this stage. These two items do not have a marked effect on the contract value.

CREDIT CHECK

A credit check on HEB Contractors Limited, dated 22 February 2005, revealed a "high" risk of paying in a delinquent manner. This is solely due to slow or late payment for plant and equipment and their dynamic delinquency score is currently being investigated by Dun and Bradstreet. HEB Contractors Limited have been requested to comment on the report and provide a statement clarifying the company's financial viability relevant to completing the terms and conditions of this contract.

Correspondence with the Managing Director, HEB Contractors Limited explained that the company does not foresee any problems executing this contract.

HEB Contractors Limited has recently successfully completed two major roading contracts for Council valued at \$450,000 and \$535,000. There have been no issues regarding their performance or financial ability to carry out these contracts.

SUMMARY

The results of the tender evaluation as summarised in Table 2 shows that the tender submitted by Heb Contractors Limited achieved the highest index of 61. This tender is also the lowest priced tender.

As part of Council's contracting process "Quality and Health and Safety is not negotiable" - all contractors have had this focus clearly reinforced through the contract documents and this will be strongly reiterated at the subsequent pre-start meeting and imposed during the contract period.

JOB COSTS

	EXCL. GST
Tender sum - HEB Contractors Limited	\$311,494.80
Contingency	\$ 39,530.20
Engineering & Supervision	\$ 28,975.00

Total Job Cost	\$380,000.00

SOURCE OF FUNDING

Budget Description (from Annual Budget line item)	Codes	Budget	Committed to Other Projects	Allocation to This Project	Unallocated Balance
Land Purchase Waipareira Ave / Woodford Road	75-9886-45990	\$380,000	\$0.00	\$380,000	\$0.00

RECOMMENDATIONS

1. That the Contract No. TA04535B - Waipareira Woodford Road Link report be received.
2. That the tender from HEB Contractors Limited for Contract No. TA04535B - Waipareira Woodford Road Link in the sum of \$311,494.80 plus \$38,936.85 GST, totalling \$350,431.65 be accepted.

3. That authority to enter into Contract No. TA04535B - Waipareira Woodford Road Link on behalf of Council be delegated to the Group Manager: Asset Management.

Report prepared by: Edwin Dearham, Principal Transport Engineer Construction.



7 CONTRACT NO. PK04605C - WAITAKERE SPORTS CENTRE JETTY

PURPOSE OF THE REPORT

The purpose of this report is to seek approval to award Contract No. PK04605C - Waitakere Sports Centre Jetty.

BACKGROUND

The Henderson Creek Reserves Management Plan was adopted by a Subcommittee of the City Development Committee and the Henderson and Massey Community Boards in July 2003. One of the facilities proposed within the plan was a footbridge across the Henderson Creek linking the walkway/cycleway on the eastern side of the creek to the Waitakere Stadium.

Council included a budget of \$30,000 in the 2003/2004 Annual Plan for preliminary design works associated with the footbridge and a budget of \$500,000 in the Annual Plan 2004/2005 for construction of the footbridge.

As a result of initial design work and costings, and issues around resource consents, the bridge project was considered unfeasible and the Projects Special Committee recommended that the funds be re-allocated to the following Henderson Creek Projects; Waitakere Sports Centre Arts Jetty and the Tui Glen Heritage Jetty.

The work being commissioned under this contract is for the Arts Jetty at the Waitakere Sports Centre. The Tui Glen Jetty contract has been approved by the Tenders Subcommittee and is in the process of being awarded.

SCOPE OF WORK

The work included in this contract includes the supply of all materials, labour, cartage, tools, plant and appliances necessary for the completion of a jetty and associated works as listed below:

The work involves:

- Construction of an elliptical timber jetty;
- Construction of a timber boardwalk and crushed shell footpath;
- Construction of timber steps and canoe landing;
- Removal of approximately 40m² of mangroves and shrub planting;
- Art components which consist of a mast, light sculpture and safety barrier.

TENDERS RECEIVED

Tenders were publicly advertised with five (5) sets of documents being uplifted. Two (2) tenders were received by the closing date of Friday, 4 March 2005. These are summarised in Table 1 below:

TENDERER	REG OFFICE	TENDER PRICE (EXCL. GST)
Te Ngahere Native Forest Management Ltd		\$203,998.00
Outdoor Construction Ltd		\$222,480.00
Pre-tender contract estimate		\$209,179.10

Table 1 - Summary of Tender Prices

TENDER EVALUATION

In accordance with the conditions of tendering, tenders were evaluated in line with the Weighted Attribute Method contained in Transfund New Zealand's "Competitive Pricing Procedures Manual".

A summary of the evaluation results is shown in Table 2 below.

Tender Evaluation	Attributes	Exper.	Track Record	Tech Skills	Re-source	Man-agement	Method	Price	Total Weight
Tenderer	Weight	10	10	5	5	5	5	60	100
	Tender Sum	Grades							Index
Te Ngahere Native Forest Management Ltd	\$203,998	85	85	80	75	80	80	54	86.75
Outdoor Construction Ltd	\$222,480	80	85	80	70	80	80	46	78
Median Tender Price	\$213,239								

Table 2 - Summary of Tender Evaluation

The attributes of both tenderers were very similar. Both tenderers, Te Ngahere Native Forest Management Limited and Outdoor Construction Limited have successfully completed a range of similar projects over the years and works have been completed to a high standard.

Te Ngahere Native Forest Management Limited weighed slightly higher due to having more experience with this type of project, a proven ecological sensitivity to their work and a long working relationship with Waitakere City Council on timber structures within public open spaces.

TAGS, ERRORS OR OMISSIONS

The tender submission from Te Ngahere Native Forest Management Limited contained some tags. These were discussed with the contractor and resolved. None of the tags influenced the tender price.

There were no other tags, errors or omissions.

CREDIT CHECK

A credit check on Te Ngahere Native Forest Management Limited has been requested.

SUMMARY

The results of the tender evaluation as summarised in Table 2 shows that the tender submitted by Te Ngahere Native Forest Management Limited achieved the highest index of 86.75. This tender is also the lowest priced tender.

As part of Council's contracting process "Quality and Health and Safety is not negotiable" - all contractors have had this focus clearly reinforced through the contract documents and this will be strongly reiterated at the subsequent pre-start meeting and imposed during the contract period.

JOB COSTS

	EXCL. GST
Tender sum - Te Ngahere Native Forest Management Limited	\$203,998.00
Contingency	\$ 30,000.00
Engineering & Supervision	\$ 61,010.00

Total Job Cost	\$295,008.00

SOURCE OF FUNDING

Budget Description (from Annual Budget line item)	Codes	Budget	Committed to Other Projects	Allocation to This Project	Unallocated Balance
Historic Jetty at Tui Glen and Art Jetty at the Trusts Stadium	75-9825-47830	\$500,000	\$284,992	\$215,008	0
The Trusts Stadium - Council's Allocation Carry Forward	75-9825-33290	\$285,000	\$205,000	\$80,000	0
TOTAL		\$785,000	\$489,992	\$295,008	0

RECOMMENDATIONS

1. That the Contract No. PK04605C - Waitakere Sports Centre Jetty report be received.
2. That subject to a satisfactory credit check the tender from Te Ngahere Native Forest Management Limited for Contract No. PK04605C - Waitakere Sports Centre Jetty in the sum of \$203,998.00 plus \$25,499.75 GST, totalling \$229,497.75 be accepted.
3. That authority to enter into Contract No. PK04605C - Waitakere Sports Centre Jetty on behalf of Council be delegated to the Director: City Services.

Report prepared by: Harish Singh, Principal Parks Engineer / Operations Team Leader.

